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Central Intelligence Agency

DDI- 5437/83

Washington, D.C. 20505

0 1 AUG 1983

The Honorable Lionel H. Olmer
Under Secretary for International Trade
United States Department of Commerce
Washington, D. C.   20230

Dear Lionel,

I appreciate your recent correspondence on the results of the Soviet review panel that you chaired for the PFIAB. I have read the panel's report and found it to be an impressive job--balanced, thorough, and to the point. Let me assure you that the recommendations you developed will be carefully considered as we assess our work on the Soviet economy and, especially, as we make decisions regarding the allocation of additional analytical resources to that area.

The study by [   ] that you forwarded was reviewed earlier in   STAT
summary form by members of our economics staff. The full statement of both methods and findings will allow us to give it a more thorough assessment. It is an ambitious analytical effort, in that it deals with a measurement problem that is at once both crucial to our understanding of Soviet economic growth and without any conclusive solution. The possibility of bias in our measures of Soviet growth is a constant concern and we have tried to deal with it in various ways. Our recent paper on Soviet GNP, published by the Joint Economic Committee of Congress, contains several tests we conducted to size the
problem. [   ] work introduces another approach which we will look   STAT
at carefully, although the preliminary reactions of my staff suggest that the use of US and German analogs may introduce as many new analytical problems as the ones it is trying to solve.

Let me add that I personally appreciate the efforts that you devoted over the past months to ensuring that the study conducted for the PFIAB was as objective and thorough as possible. Our work on the Soviet economy will be better for it.

Sincerely,

/s/ William J. Casey

William J. Casey
Director of Central Intelligence

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